

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**FIRST SET OF INFORMATION REQUESTS TO
BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) hereby submits to Blackstone Gas Company (“Blackstone” or “Company”) the following first set of Information Requests.

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to Blackstone Gas Company in this proceeding.

1. “Blackstone” or “Company” means Blackstone Gas Company, its officers, directors, employees, consultants, and attorneys.
2. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
3. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed. Further, these requests shall be deemed continuing so as to require further supplemental responses if the or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term “provide complete and detailed documentation” means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.
5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.

6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please serve copies of the responses as follows: one (1) copy of the responses to Mary Cottrell, Secretary of the Department and on all parties; one (1) copy of the responses to Michael Killion, Hearing Officer; and (4) four copies of the responses to Sean Hanley, Rates Division.

INFORMATION REQUESTS

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| DTE 1-1 | Please provide an example of the price cap formula with workpapers and calculations. For purposes of this response, assume a chain-weighted gross domestic product index ("GDP-PI") of three percent and an exogenous factor of \$6,000. |
| DTE 1-2 | Please provide the rationale behind the illustrative rates for debt and equity assumed for Rate of Return. |
| DTE 1-3 | Please note the reason for using 2002 as the test year for analyses rather than 2003. |
| DTE 1-4 | Please provide an electronic copy of all spreadsheets, calculations, and data used in all analyses. |
| DTE 1-5 | Refer to Exhibit B, Schedule 1. Please explain and provide workpapers for how the "Normal Base Revenue" line has been weather normalized. |
| DTE 1-6 | Refer to Exhibit B, Schedule 1. Please explain how the rate used in the "Interest on Customer Deposits" was chosen and/or calculated. |
| DTE 1-7 | Refer to Exhibit B, Schedule 1. Please explain the derivation of the values in the "Less Other Revenues" line. |
| DTE 1-8 | Refer to Exhibit B, Schedules 1, 4, and 5. Please provide calculations and analyses to derive the "Return on Ratebase" values on Schedule 1, the "Total Rate Base" values on Schedule 4, and the "Rate Base" values on Schedule 5. Please reconcile any differences between the "Rate Base" on Schedule 5, the "Total Rate Base" on Schedule 4, and/or the rate based used to derive the "Return on Ratebase" in Schedule 1. |

- DTE 1-9 Refer to Exhibit B, Schedule 4. Please explain the treatment of “reserves for deferred income taxes,” “customer deposits,” and “working capital” components in deriving total rate base for each class and the company as a whole. As part of this response, explain why “customer deposits” and “working capital” are treated as additions to “total net plant” for each customer class, but as deductions for the total company.
- DTE 1-10 Refer to Exhibit B, Schedule 4. Please explain the \$214,518 in the “Proforma Ratebase Adjustments” line and its use, if any, in all rate base analyses.
- DTE 1-11 Please explain and provide all analyses, calculations, and data used to derive the 8.06 percent Rate of Return.
- DTE 1-12 Refer to Exhibit B, Schedule 4. Please provide workpapers and explanation for the debt and equity balances. In addition, provide the Debt/Equity ratio and explain how this is expected to be affected by the rate change.
- DTE 1-13 Refer to Exhibit B, Schedule 5. Please explain the derivation of the “Direct Labor” numbers.
- DTE 1-14 Refer to Exhibit B, Schedule 5. Please explain the derivation of the “Uncollectible” numbers.
- DTE 1-15 Please provide the billing determinants used for all analyses in Exhibit C.
- DTE 1-16 Please explain and provide workpapers and calculations for the \$5,700 low-income shortfall as listed in Exhibit C, Revenue Target sheet.
- DTE 1-17 Refer to Exhibit C, Rate Design Worksheet. Please provide workpapers for all calculations and numbers. As part of this response, reconcile the number of customers in each month with their usage.
- DTE 1-18 Please submit bill impact analyses incorporating the estimated CGA that will be in effect as of November 1, 2004.
- DTE 1-19 Refer to Exhibit C. Please provide bill impact analyses for rates R-2 and R-4.
- DTE 1-20 Please explain the change in the usage level for the headblock in proposed rates R-3 and R-4 from previous rates.
- DTE 1-21 Refer to Exhibit C. Please provide workpapers and calculations for all classes’ bill impact analyses.

- DTE 1-22 Refer to Exhibits A and C. Please reconcile the different rates noted on Exhibit A's M.D.T.E. 85 with Exhibit C's bill impact analysis for the Off Peak charges for S-1.
- DTE 1-23 Refer to Exhibits A and C. Please reconcile the different rates noted on M.D.T.E. 84 with Exhibit C's bill impact analysis for the Off Peak charges for G-1.
- DTE 1-24 Refer to the Settlement at page 2. Please explain the reasons for the large increases in insurance costs and provide copies of the Company's insurance policies.